

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

SUNEARTH, INC.; and THE SOLARAY CORPORATION,

No. C 11-4991 CW

Plaintiffs,

ORDER AWARDING  
ATTORNEYS' FEES IN  
CONNECTION WITH  
PLAINTIFFS' SECOND  
MOTION FOR  
CONTEMPT (Docket  
No. 90) AND  
DENYING  
PLAINTIFFS' THIRD  
MOTION FOR CIVIL  
CONTEMPT  
(Docket No. 113)

v.

SUN EARTH SOLAR POWER CO., LTD.;  
NBSOLAR USA, INC.; and DOES 1-10,

Defendants.

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(Docket No. 113)

12 Plaintiffs SunEarth, Inc. and The Solaray Corporation move,  
13 for the third time, to hold Defendants Sun Earth Solar Power  
14 Company, Limited (SESP) and NBSolar USA, Inc. in civil contempt  
15 for violation of the preliminary injunction entered in this case.  
16 Defendants oppose Plaintiffs' motion. Having considered the  
17 arguments presented by the parties in their papers and at the  
18 hearing, the Court DENIES Plaintiffs' motion. The Court also  
19 GRANTS Plaintiffs' request for attorneys' fees and costs incurred  
20 to bring their second motion for contempt, which was previously  
21 granted.

## BACKGROUND

23 On October 11, 2011, Plaintiffs initiated this trade name and  
24 trademark infringement action, alleging that Defendants have  
25 misappropriated and infringed upon Plaintiffs' "Sun Earth"  
26 trademark, service mark and trade name.

27 On February 2, 2012, the Court granted Plaintiffs' motion for  
28 a preliminary injunction, generally enjoining Defendants from

1 using the "Sun Earth" name and mark within the United States  
2 during the pendency of this action. Docket Nos. 60, 63. The  
3 initial preliminary injunction went into effect on February 17,  
4 2012 upon Plaintiffs' payment of a \$5,000 bond. Docket No. 67.  
5 At the time, instead of enjoining Defendants' use of the Sun-  
6 earth.com, SunEarthpower.com, and SunEarthpower.net domain names,  
7 the Court ordered the parties to attempt to reach an agreement on  
8 this issue, or to move for a modification to address it, along  
9 with one other issue. Docket No. 63, 37-38.

10 On February 24, 2012, Defendants filed a motion to amend the  
11 preliminary injunction, among other things, to add terms  
12 addressing the use of the domain names. Docket No. 69.

13 On March 6, 2012, Plaintiffs filed a motion to hold  
14 Defendants in civil contempt for continuing to use the "Sun Earth"  
15 name and mark on its websites. Docket No. 77.

16 On March 13, 2012, the Court granted in part Defendants'  
17 motion to modify the initial preliminary injunction and entered a  
18 modified preliminary injunction, which took effect immediately.  
19 Docket Nos. 79, 80. The modified preliminary injunction provided,  
20 in part, that Defendants were enjoined

21 1. From using or continuing to use the words "SUN  
22 EARTH" (with or without a space or capitalization or  
23 hyphen), either alone or in conjunction with any other  
24 words or symbols, or any phonetically or visually  
25 similar words or symbols in any combination, as a  
trademark, service mark or trade name within the United  
States, its territories or possessions (the  
"Territory"), provided that:

26 A. for goods branded as NBSolar rather than Sun  
27 Earth, Defendants shall be permitted to identify SESP as  
the manufacturer, importer or seller of the goods to the  
28 minimum extent necessary as required by law or ordinary  
business customs to operate within the United States  
under the NBSolar name; and

1                   B. for equipment purchased by Defendants from  
2 sellers within the United States for export to SESP in  
3 China, Defendants shall be permitted to identify SESP as  
4 the buyer of the equipment, to the minimum extent  
5 necessary as required by law or ordinary business  
6 customs.

7                   C. Under subsections A and B above, wherever  
8 possible, Defendants shall identify themselves as  
9 NBSolar and/or an acronym, such as SESP, that avoids the  
10 use of the words "SUN EARTH" (with or without a space or  
11 capitalization or hyphen). Where Defendants do use the  
12 words "SUN EARTH" under the terms of these subsections,  
13 Defendants shall not display the words "SUN EARTH" in a  
14 distinctive manner of presentation that makes them stand  
15 out in any way from other words on the relevant document  
16 and shall not use the "Sun Earth" logo.

17                   . . .  
18                   4. From importing into the Territory any goods upon  
19 which the words "SUN EARTH" (with or without a space or  
20 capitalization or hyphen), either alone or in  
21 conjunction with any other words or symbols, or any  
22 phonetically or visually similar words or symbols in any  
23 combination, appears or are shown on the packaging for  
24 such goods.

25                   Modified Preliminary Injunction, Docket No. 80, 1-3. The  
26 injunction further required Defendants to take certain affirmative  
27 steps, including that

28                   10. Defendants shall file with the Court and serve on  
29 Plaintiffs, within thirty-five (35) days after the  
30 effective date of the original Preliminary Injunction, a  
31 report in writing and under oath, setting forth in  
32 detail the manner and form in which Defendants have  
33 complied.

34                   Id. at 3-4.

35                   On March 16, 2012, Plaintiffs withdrew their first motion for  
36 civil contempt. Docket No. 82.

37                   On March 23, 2012, Defendants filed their report pursuant to  
38 paragraph 10 of the preliminary injunction. Docket No. 83.

39                   On April 24, 2012, Plaintiffs filed a second motion asking  
40 the Court to find Defendants in civil contempt for violating the  
41 modified preliminary injunction. Docket No. 90. On June 12,

1 2012, the Court granted the motion in part and took under  
2 submission Plaintiffs' request for attorneys' fees incurred in  
3 connection with the motion. Docket No. 106. Among other things,  
4 the Court found that Defendants' report was non-compliant with the  
5 requirements of the modified preliminary injunction because it  
6 made conclusory and vague statements about the steps they had  
7 taken to comply with the injunction and failed to address  
8 whatsoever a number of the material terms of the injunction. The  
9 Court required Defendants to file a correct and complete  
10 compliance report thereafter.

11 On July 5, 2012, Defendants filed their amended report.  
12 Docket No. 109. Among other things, Defendants stated,

13 Following the court's modification of the preliminary  
14 injunction on March 13 (permitting Defendants "to  
15 identify SESP as the manufacturer, importer or seller of  
16 the goods"), Defendants have imported, sold and  
17 distributed in the United States photovoltaic panels  
under the NBSolar brand, as pictured below, which bear a  
small label on the back of each panel displaying the  
NBSolar mark and logo, but also identifying SESP as the  
manufacturer.

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27 Docket No. 109, 2-3. Defendants also included a photograph of the  
28 packaging of their solar panels:

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15 Id. at 3.

16 On July 18, 2013, after the parties were unable to reach a  
17 settlement at a court-ordered mediation, Defendants sent  
18 Plaintiffs a proposed permanent injunction. Foster Decl., Ex. B,  
19 Docket No. 121-5. They attached to this declaration the following  
20 proposed version of their labels:

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Id. at 8. Defendants represent that these labels are "now applied to all NBSolar-branded panels shipped to the United States." Dong Decl., Docket No. 121-1, ¶ 3.

#### LEGAL STANDARD

A district court has the inherent authority to enforce compliance with its orders through a civil contempt proceeding. International Union, UMWA v. Bagwell, 512 U.S. 821, 827-28 (1994). A contempt sanction is considered civil if it "is remedial, and for the benefit of the complainant." Id. A contempt fine is

1 considered remedial if it either "coerce[s] the defendant into  
2 compliance with the court's order, [or] ... compensate[s] the  
3 complainant for losses sustained." United States v. United Mine  
4 Workers, 330 U.S. 258, 303-304 (1947). See also Whittaker Corp.  
5 v. Execuair Corp., 953 F.2d 510, 517 (9th Cir. 1992).

6 "The standard for finding a party in civil contempt is well  
7 settled: The moving party has the burden of showing by clear and  
8 convincing evidence that the [non-moving party] violated a  
9 specific and definite order of the court." FTC v. Affordable  
10 Media, LLC, 179 F.3d 1228, 1239 (9th Cir. 1999) (quoting Stone v.  
11 City & County of San Francisco, 968 F.2d 850, 856 n.9 (9th Cir.  
12 1992)). The contempt "need not be willful, and there is no good  
13 faith exception to the requirement of obedience to a court order."  
14 In re Dual-Deck Video Cassette Recorder Antitrust Litig., 10 F.3d  
15 693, 695 (9th Cir. 1993). "But a person should not be held in  
16 contempt if his action appears to be based on a good faith and  
17 reasonable interpretation of the court's order." Id. (internal  
18 formatting and quotations omitted). "'Substantial compliance'  
19 with the court order is a defense to civil contempt, and is not  
20 vitiated by 'a few technical violations' where every reasonable  
21 effort has been made to comply." Id. (citing Vertex Distrib.,  
22 Inc. v. Falcon Foam Plastics, Inc., 689 F.2d 885, 891 (9th Cir.  
23 1982)).

24 Thus, the Court may grant a motion for an order of contempt  
25 if it finds that Defendants (1) violated the court order,  
26 (2) beyond substantial compliance, (3) not based on a good faith  
27 and reasonable interpretation of the order, (4) by clear and  
28 convincing evidence. Id. Once the moving party has met its

1 burden, the burden "shifts to the contemnors to demonstrate why  
2 they were unable to comply" with the court order. Stone, 968 F.2d  
3 at 856 n.9 (citing Donovan v. Mazzola, 716 F.2d 1226, 1240 (9th  
4 Cir. 1983)). "They must show they took every reasonable step to  
5 comply." Id. (citing Sekaquaptewa v. MacDonald, 544 F.2d 396, 406  
6 (9th Cir. 1976)).

7 When a court imposes civil sanctions, "[g]enerally, the  
8 minimum sanction necessary to obtain compliance is to be imposed."  
9 Id. However, "the district court retains discretion to establish  
10 appropriate sanctions." United States v. Bright, 596 F.3d 683,  
11 695-96 (9th Cir. 2010) (citing Richmark Corp. v. Timber Falling  
12 Consultants, 959 F.2d 1468, 1473 (9th Cir. 1992)). "Given the  
13 remedial purpose of the sanction, a finding of contempt must be  
14 accompanied by conditions by which contempt may be purged, spelled  
15 out in either the original order or the contempt order." Id.

#### 16 DISCUSSION

17 I. Attorneys' fees and costs for the second motion for contempt  
18 In their second motion for contempt, Plaintiffs sought  
19 recovery of the reasonable attorneys' fees that they incurred in  
20 pursuing that motion. The Court took this issue under submission  
21 when ruling on the remainder of the motion and directed the  
22 parties to attempt to settle the issue. The parties have not  
23 represented to the Court that they have reached a resolution of  
24 this issue.

25 The Court finds that Plaintiffs are entitled to recover the  
26 reasonable attorneys' fees and costs that they incurred in  
27 bringing the motion for contempt. Within fourteen days of this  
28 order, Plaintiffs' counsel shall submit an application to the

1 Court documenting their reasonable attorneys' fees and costs  
2 incurred in connection with the motion for contempt, and a  
3 proposed order. Defendants may file a response directed to the  
4 amount only within seven days. Plaintiffs may file a reply within  
5 seven days.

6 II. Plaintiffs' third motion for contempt

7 In their motion, Plaintiffs argue that the version of the  
8 label included in the amended status report violates paragraph one  
9 of the modified preliminary injunction. In their reply, they  
10 argue that both the original and modified versions of the label  
11 violate sections one and four of the injunction.

12 The Court finds that Plaintiffs have not shown by clear and  
13 convincing evidence that disclosing on product labels that SESP is  
14 the manufacturer violates the terms of the modified preliminary  
15 injunction. The injunction permits Defendants to identify SESP as  
16 the manufacturer to the "minimum extent necessary as required by  
17 law or ordinary business customs to operate within the United  
18 States under the NBSolar name." Defendants have presented  
19 evidence that, in order to sell the products within the United  
20 States under the NBSolar name, they need to disclose that SESP is  
21 the ultimate manufacturer for a variety of reasons, including to  
22 United States Customs and Border Patrol for payment of appropriate  
23 tariffs and to allow customers to obtain financial incentives from  
24 government agencies for installation of renewable energy sources.  
25 Although Plaintiffs argue that Defendants could sell their  
26 products in the United States under "a private label" or showing  
27 only the acronym, Defendants have offered evidence that this would  
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1 not be feasible and would not comply with ordinary business  
2 customs.

3 On its face, the original label violated paragraph one,  
4 subsection C of the modified preliminary injunction. The name Sun  
5 Earth Solar Power Co., Ltd. is pictured at the top of the label  
6 separate from other text in a conspicuous way that draws attention  
7 to it, which violates the clear terms of the injunction. However,  
8 the modified version comports with the Court's direction that  
9 these words, where they are required to be used, should not be set  
10 out in a distinctive manner from the other portion of the text.  
11 Because Defendants voluntarily came into compliance with the terms  
12 of the injunction, civil sanctions are not required to coerce  
13 compliance and could serve only punitive purposes, which are not  
14 permitted for such sanctions. Thus, the Court declines to impose  
15 these sanctions at this time for this violation.

16 Finally, Plaintiffs have not shown by clear and convincing  
17 evidence that Defendants violated the terms of paragraph four of  
18 the modified injunction. Although Plaintiffs appear to argue that  
19 the labels that were affixed to the products themselves violated  
20 this section, by its terms this provision in fact addresses what  
21 may not be shown on the product packaging, not the labels. The  
22 photographs in the record do not show that Defendants used the  
23 words "Sun Earth" on the packaging.

24 Accordingly, Plaintiffs' third motion for contempt is denied.

25 CONCLUSION

26 For the reasons set forth above, Plaintiffs' third motion to  
27 hold Defendants in contempt for violation of the preliminary  
28 injunction is DENIED (Docket No. 113).

1       The Court GRANTS Plaintiffs' request for reasonable  
2 attorneys' fees and costs incurred in bringing the motion for  
3 contempt that was granted on June 20, 2012 (Docket No. 90).  
4 Within fourteen days of this order, Plaintiffs' counsel shall  
5 submit an application to the Court documenting their reasonable  
6 attorneys' fees and costs incurred in connection with the motion  
7 for contempt, and a proposed order. Defendants may file a  
8 response directed to the amount only within seven days.  
9 Plaintiffs may file a reply within seven days.

10      IT IS SO ORDERED.

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12      Dated: 8/23/2013

  
CLAUDIA WILKEN  
United States District Judge

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